COMPANY RESEARCH AND ANALYSIS REPORT

MUGEN ESTATE Co., Ltd.

3299

Tokyo Stock Exchange Standard Market

19-Nov.-2026

FISCO Ltd. Analyst
Hideo Kakuta

FISCO Ltd.
https://www.fisco.co.jp

MUGEN ESTATE Co., Ltd.
3299 Tokyo Stock Exchange Standard Market
19-Nov.-2026
https://www.mugen-estate.co.jp/en/ir/

3Q FY12/26: Sales of investment properties and in regional areas grew, but net sales and profits declined due to slower sales of high-priced residential properties

MUGEN ESTATE Co., Ltd. <3299> (hereafter, also “the Company”) is engaged in the business of purchasing and reselling pre-owned properties, primarily investment-type and residential-type condominiums. The Company is recognized as a pioneer in the real estate industry and operates as a highly profitable enterprise.

1. Overview of 3Q FY12/26 results

In 3Q FY12/26, the Company posted net sales of ¥40,928mn, a decrease of 12.8% year on year (YoY), operating income of ¥4,683mn, down 34.2%, ordinary income of ¥3,710mn, down 41.2%, and profit attributable to owners of parent of ¥2,320mn, down 44.7%, resulting in lower net sales and profits.

Net sales declined significantly, mainly because, in the mainstay Purchase & Resale Business, there was a pullback in sales of high-priced residential properties that had performed well in the previous fiscal year. By category, net sales of investment properties returned to growth, rising 7.0% YoY to ¥20,192mn, with an increase in the average sales price per property. On the other hand, net sales of residential properties decreased 31.7% to ¥17,166mn; although the number of units sold was flat, sales of high-priced properties did not make progress, resulting in lower sales. Regarding sales areas, the sales composition reflected a decrease in sales in Tokyo that was offset by increases in sales in the Tokyo metropolitan area (excluding Tokyo) and regional areas. The sales composition ratio to overseas investors fell 11.6 percentage points to 29.7%. In the Real Estate Specified Joint Business, the Company structured the Ogikubo Project and the Soka Project (Phase 1), and net sales were ¥713mn (down 8.0% YoY). In the Real Estate Leasing and Other Business, net sales were ¥2,697mn (up 27.1%) due to the expansion of assets held. Operating income declined, mainly due to a decrease in gross profit resulting from lower net sales (impact: -¥1,632mn) and a decline in the gross profit margin (impact: -¥921mn). Ordinary income was affected not only by the decrease in operating income but also by an increase in interest expenses (up ¥346mn YoY) due to higher interest-bearing debt and rising borrowing rates. On a quarterly basis, ordinary income has been trending upward, rising from ¥731mn in 1Q alone to ¥1,411mn in 2Q alone and ¥1,567mn in 3Q alone.

Important disclosures and disclaimers appear at the back of this document.

2. FY12/26 forecasts

For FY12/26, the Company forecasts net sales of ¥61,599mn, down 9.8% YoY, operating income of ¥8,588mn, down 22.3%, ordinary income of ¥7,237mn, down 27.3%, and profit attributable to owners of parent of ¥4,770mn, down 28.4%, for lower net sales and profits (unchanged from the revised forecasts announced in August 2026). In the mainstay Purchase & Resale Business, the Company intends to build up sales and profits by strengthening sales to domestic investors and end-users, while expanding sales channels, strengthening sales in regional areas, and implementing flexible pricing strategies. By business, in the Purchase & Resale Business, the Company forecasts ¥33,143mn (up 7.4% YoY) for investment properties and ¥22,818mn (down 29.7%) for residential properties, as the Company strengthens its shift toward investment properties. Given the limited demand from overseas investors in some areas, the Company will promote stronger partnerships with financial institutions, including regional banks, as a measure to expand its sales channels. In the Real Estate Development Business, the Company will focus on sales while strengthening leasing activities for completed properties. In the Real Estate Specified Joint Business, it will strengthen sales activities and expand sales channels in preparation for the sale of the Soka Project within the year. Cumulative procurement through 3Q for the Real Estate Trading Business as a whole amounted to ¥28,617mn, down ¥8,842mn YoY, and the Company will remain firmly focused on profitability when procuring properties. The balance of real estate for sale (as of the end of 3Q) stood at a sufficient ¥79,606mn. At the end of 3Q, progress toward the full-year forecasts stood at 66.4% for net sales and 54.5% for operating income, meaning the plan is weighted toward 4Q, but the Company aims to achieve its full-year plan through the sale of large-scale properties. With the impact of weaker demand from overseas investors lingering in the residential purchase and resale business, the focus will be on how much ground the Company can recover through the investment property purchase and resale business (particularly large-scale properties), which continues to perform solidly.

Growth strategies and topics: Purchase and resale sales in regional areas up 2.2 times the year-earlier level, gaining importance as a growth driver for the Purchase & Resale Business

The Company actively expanded its sales area from operations centered on the Tokyo metropolitan area to include major regional cities through the year before last, and the results of this expansion are now becoming apparent. Beginning with its entry into Osaka in 2023, the Company opened sales offices in Sapporo, Nagoya, Fukuoka, and Sendai in 2024, and in Kyoto and Naha in 2025, building a sales network comprising the Osaka Branch and six regional sales offices. In parallel with expanding its offices, the Company has also increased its headcount, with the number of consolidated employees growing from 363 (as of December 31, 2023) to 520 (as of September 30, 2026). It has also diversified its asset types in line with regional characteristics, including a hotel in Sapporo, a commercial facility in Kyoto, villas in Naha, and residential land development in the Niseko area. Against this backdrop, purchase and resale net sales in regional areas expanded from ¥2.9bn in FY12/24 to ¥5.6bn in FY12/25. For 3Q FY12/26 (cumulative), they grew to ¥6.6bn (up 120.3% YoY), 2.2 times the year-earlier level, already exceeding the full-year result for the previous fiscal year. The share of regional areas in Purchase & Resale Business net sales also rose from 6.8% in the same period of the previous year to 17.8%. While net sales declined on a companywide basis, sales in regional areas increased for both investment and residential properties, mitigating the overall decline in net sales and increasing the importance of regional areas as a growth driver. Going forward, the expansion of sales channels, including stronger partnerships with financial institutions such as regional banks, is expected to lead to further growth in regional areas.

Important disclosures and disclaimers appear at the back of this document.

Shareholder return policy: Annual dividend of ¥104 forecast for FY12/26, a decrease of ¥10 (interim dividend of ¥52 already paid; year-end dividend of ¥52)

The Company regards returning profits to shareholders as one of its key management priorities. The Company's basic policy is to continue to pay stable dividends while strengthening its financial position and maintaining adequate internal reserves in order to expand its business in the long term. Profit allocation is determined by comprehensively taking into account performance levels as well as the cost of capital, return on capital, and other factors based on the balance sheet, with a medium- to long-term target of 40% or higher for the consolidated dividend payout ratio. In addition, an interim dividend was introduced in FY12/25, making the Company's shares more attractive to investors. For FY12/26, the Company forecasts an annual dividend of ¥104 (a decrease of ¥10 YoY, consisting of an interim dividend of ¥52, already paid, and a year-end dividend of ¥52), for a dividend payout ratio of 51.3%.

Important disclosures and disclaimers appear at the back of this document.

FISCO

Disclaimer

FISCO Ltd. (“FISCO”) offers stock price and index information for use under the approval of the Tokyo Stock Exchange, the Osaka Exchange, and Nikkei Inc.

This report is provided solely for the purpose of offering information and is not a solicitation of investment nor any other act or action.

FISCO has prepared and published this report based on information it deems reliable. However, FISCO does not warrant the accuracy, completeness, certainty, nor reliability of the contents of this report or the said information.

The issuers’ securities, currencies, commodities, and other financial instruments mentioned in this report may increase or decrease in value or lose their value due to influence from corporate activities, economic policies, world affairs, and other factors. This report does not make any promises regarding any future outcomes. If you use this report or any information mentioned herein, regardless of the purpose therefor, such use shall be based on your judgment and responsibility, and FISCO shall not be liable for any damage incurred by you as a result of such use, irrespective of the reason.

This report was prepared at the request of the subject company, with information provided by the company through telephone interviews and other means, and with compensation from the company. Hypotheses, conclusions and all other content contained in this report are based on FISCO’s analysis. The contents of this report are current as of the date of preparation and are subject to change without notice. FISCO is not obligated to update this report.

The intellectual property rights, including the copyrights to the main text, data, and the like, belong to FISCO, and any revision, reprocessing, reproduction, transmission, distribution or the like of this report and any duplicate hereof without the permission of FISCO is strictly prohibited.

FISCO and its affiliated companies, as well as the directors, officers, and employees thereof, may currently or in the future trade or hold the financial instruments or the securities of issuers that are mentioned in this report.

Please use the information in this report with an understanding and acceptance of the above points.

■ For inquiries, please contact: ■
FISCO Ltd.
5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062
Phone: 03-5774-2443 (IR Consulting Business Division)
Email: support@fisco.co.jp